Therefore, Reserve Bank of India (RBI) have issued a fresh one-time settlement scheme on 29th January, 2003 for compromise settlement of chronic non-performing assets (NPAs) upto Rs. 10 crore. The cut-off date for such NPA accounts is 31st March 2003. The last date for receipt of applications is 30th April 2003 and processing of such applications is required to be completed by 31st October, 2003. These guidelines will not cover cases of wilful default, fraud and malfeasance.

(c) RBI had, in July, 2000, issued guidelines on compromise settlements of NPAs upto Rs. 5 crores, by public sector banks. This scheme was in operation upto 30th June, 2001. This scheme resulted in settlement of 8.87 lacs NPA accounts involving Rs. 4,649 crores.

Effect of Indo-Pak relations on the economy

1253. SHRI SANTOSH BAGRODIA:
SHRI JANARDHANA POOJARY:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) what has been the effect of the strained relations between India and Pakistan on the Indian economy;

(b) whether the import-export between India and Pakistan decreased due to the same; and

(c) what steps Government propose to take to ensure that the trade does not suffer between the two countries?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) The fundamentals of the Indian economy, in terms of sustained growth in industry and services, low price levels, comfortable food stocks, rising exports, high foreign exchange reserves, and a healthy balance of payments, have remained strong despite the strained relations between India and Pakistan.

(b) India's trade balance with Pakistan was higher at Rs. 493.06 crore in April-October 2002 compared with Rs. 287.87 crore in April-October, 2001. During this period, Indian export to Pakistan were higher at Rs. 593.92 crore compared with Rs. 478.92 crore in the corresponding previous period. However, Indian imports from Pakistan during

April-October, 2002 have been lower at Rs. 100.26 crore compared with Rs. 191.05 crore during April-October, 2001.

(c) Both India and Pakistan are signatories to WTO and are, therefore, obliged to give Most Favoured Nation (MFN) treatment to each other. While India has granted MFN status to Pakistan, the latter has not reciprocated, citing extraneous political and economic reasons. Moreover, while India does not follow any discriminatory trade policy towards Pakistan, the latter has restricted access of Indian products in Pakistan to an arbitrarily prepared list of 600 items. Among the various measures taken by India for promoting bilateral trade are exchanges of trade delegations, participation in exhibitions and buyers-sellers meets and exchange of tariff concessions under SAARC Preferential Trading Arrangement (SAPTA).

Increase in foreign exhange reserves

†1254. SHRI LAJPAT RAI:
SHRI JANARDHANA POOJARY:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the foreign exchange reserves of the country is expected to increase from 54 billion dollars to 75 billion dollars during 2002-2003;

(b) if not, the facts in this regard; and

(c) the details of the sources through which the amount has so far been deposited in the reserves during the current year along with the details of the amount deposited?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) India's foreign exchange reserves increased by US$ 21.2 billion from US$ 54.1 billion at end-March 2002 to US$ 73.3 billion on February 14, 2003.

(c) An analysis of the sources of reserves, based upon a recent study undertaken by the Reserve Bank of India, indicates that a substantial portion of the fresh accretion has been by way of current account

†Original notice of the question was received in Hindi.